

## Message Text

CONFIDENTIAL

PAGE 01 MONTEV 03693 282059Z

62

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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O 281919Z OCT 75

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC IMMEDIATE 0020

C O N F I D E N T I A L MONTEVIDEO 3693

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E.O. 11652: GDS

TAGS: ECON, XM, UY

SUBJECT: OMB BUDGET CUT FOR FY 1977

REF: A) STATE 253483 B) STATE 134957

1. WE ASSUME THE REASON FOR NOT INCLUDING URUGUAY AMONG THE COUNTRIES LISTED IN PARA 1 REF A IS BECAUSE PHASE-OUT HERE HAS ALREADY BEEN SCHEDULED. WE DO NOT PROPOSE ANY NEW LOAN OR GRANT PROJECTS FOR URUGUAY IN FY 77. MISSION WILL BE FORWARDING TO AID/W PHASE-OUT PLAN BY JANUARY 31, AS SPECIFIED REF B. OUR PRIORITIES NOW ARE TO ARRANGE AN ORDERLY AID TERMINATION HERE WHICH WILL NOT BE INTERPRETED AS PUNITIVE. WE ARE THUS REASSURED BY THE STATE-MENT THAT A LIMITED AMOUNT OF GRANT FUNDING TO FINANCE ONGOING PROJECTS SHOULD BE AVAILABLE DURING PHASE-OUT PERIOD.

2. WHILE PROPOSED ACTION WILL NOT CAUSE US BILATERAL PROBLEMS FROM A PROGRAM STANDPOINT, WE WANT TO NOTE THAT USE OF PER-CAPITA-IN-COME CRITERIA AS RATIONALE FOR PHASE-OUT COULD CAUSE DIFFICULTIES HERE AND PERHAPS AT OTHER L.A. POSTS. FONMIN BLANCO RECENTLY SPOKE OUT STRONGLY AT OAS ON UNFAIRNESS OF EXCLUSIVE RELIANCE ON PER-CAP-ITA-INCOME CRITERIA. HE BELIEVES THAT OTHER NORMS SUCH AS EFFECT OF CURRENT INTERNATIONAL ECONOMIC CONDITIONS ON A COUNTRY'S GROWTH PROSPECTS SHOULD BE CONSIDERED IN ALLOCATING ASSISTANCE, SPECIFI-CALLY BY THE IFI'S.

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3. URUGUAY, LIKE MANY OTHER L.A. COUNTRIES, IS INCREASINGLY LOOK-

ING TO THE IFI'S FOR ASSISTANCE. A GENERAL AID PHASE-OUT IN THIS REGION WOULD PUT AN INCREASED LOAD ON THESE ORGANIZATIONS AND WOULD MAKE ADEQUATE AND PROMPT REPLENISHMENT OF THEIR FUNDS MORE ESSENTIAL THAN EVER.

4. GDS.  
SIRACUSA

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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